GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1956
ANSWERED ON:05.08.2005
PENSION LIABILITIES OF THE GOVERNEMT
Madhwaraj Smt. Manorama

Will the Minister of FINANCE be pleased to state:

(a) whether a recent survey conducted on Indian Retirement Earnings and Savings by the Centre for Monitoring Indian Economy estimates, the Government`s current pension liabilities is about 1.7 trillion;

(b) if so, the ratio of GDP vis-a-vis pension liability, this liability of GDP constituted; and (

(c) the steps taken by the Union Government to trim its pension liability to manageable level?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) & (b) : Under a technical assistance agreement with the Asian Development Bank, a national sample survey was conducted to study the income, expenditure and savings behaviour of the Indian labour force. The database generated by this survey is in the public domain and can be accessed at www.finmin.nic.in It is understood that consultants of Invest India Economic Foundation (IIEF) and the Centre for Monitoring Indian Economy (CMIE) have analysed this data and estimated that the Implicit Pension Debt (IPD) or the current pension liabilities on account of Central and State Government employees is Rs.17,35,527 crores approximately which is about 55.88% of India`s GDP.

(b): Government has implemented a new restructured defined contribution pension scheme, namely, the New Pension System (NPS) for all Central Government employees (excluding Armed Forces, in the first stage) joining from January 1, 2004. The NPS is based on defined contributions, which is 10 per cent of the salary and DA with matching contributions from the Government in respect of Central Government employees. The NPS is a funded pension system which defines the liability of Government upfront in case of Government employees.